

# Town of Hopkinton Select Board 2021 Proposed Budget

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Presentation to the Budget Committee

Wednesday, December 9, 2020

- Final Town Meeting vote July 25.
- Due to COVID-19 many things unable to be done and extras expenses in some area largely covered by grants.
- Still much uncertainty about 2021

2020...  
A year like  
no other

# Short time between budgets



TOWN MEETING AT THE END  
OF JULY



BUDGET PREPARATION BEGAN  
IN THE MIDDLE OF AUGUST



# Budget Process to Date



Department Heads prepared budget requests maintaining status quo



Department Heads met with the Town Administrator to review budget requests.



Select Board met with each Department Head to review requests.



Select Board began its work of preparing its budget

# Select Board Changes to DH Requests

## Operating Budget

- The Select Board began its work of creating this budget.
- Town Clerk Professional Services \$ (3,000)
  - Removed one of two restoration of archive books
- Finance Dept. GASB 75 (4,000)
  - Town will remain in noncompliance
- Legal Fees (5,000)
- Merit Wage Pool (15,921)
  - Decreased from 2.0% to 1.5% - Made COLA
- Planning Department Professional Services (2,250)
  - Removed half of scanning of documents



# Select Board Changes to DH Requests

## Operating Budget

- |  |            |
|--|------------|
| • Propane – Slusser Center                         | \$ (600)   |
| • Will leave gas fireplace off                     |            |
| • Cleaning Services-Slusser Center                 | \$ (2,340) |
| • Opening unknown                                  |            |
| • Cemetery Sexton                                  | \$ (600)   |
| • Will receive same increase as other staff        |            |
| • Police Overtime                                  | \$ 5,000   |
| • Helps scheduling difficulties                    |            |
| • Fire Part-time Wages                             | \$ (5,000) |
| • Level Funded                                     |            |
| • Conservation Commission                          | \$ (2,798) |
| • LUCT increased in 2020 so returned budget to \$1 |            |

**Total Operating Budget Changes - \$ (36,509)**



# Select Board Changes to Warrant Article Requests

## Capital Appropriations

- Recreation Facilities CRF \$ (25,000)
  - George Park Bathrooms moved to 2023
- Transfer Station CRF \$ (10,000)
  - Still allows for trailer purchase in 2021
- Library Building Systems CRF \$ (10,000)
  - Pushed off improving building access
- Sewer Equipment/Sludge Removal CRF \$ (35,000)
  - Sewer Users should pay more
- Library Technology Trust Fund \$ (5,000)
  - Fund balance sufficient for proposed purchases
- Town Facilities Maintenance Trust \$ (40,000)

**Total Warrant Article Changes - \$ (125,000)**



# Select Board Proposal



# Revenue

- Estimated Revenue of \$3,332,508
  - Decrease of \$47,286 – (1.40%)

- Major Drivers

- |                                    |                                    |
|------------------------------------|------------------------------------|
| • Motor Vehicle                    | \$ 30,000                          |
| • Municipal Aide (from State)      | \$ (46,406) eliminated             |
| • Room & Meals (from State)        | \$ (57,809) estimated 20% decrease |
| • Highway Block Grant (from State) | \$ (38,341) estimated 20% decrease |
| • Ambulance Charges                | \$ 10,000                          |
| • Sewer User Fees/Reimbursements   | \$ 22,115                          |

**Total – Major Drivers - \$ (80,441)**



# Potential Future Revenue Sources in Process

- Part-time or Per Diem Economic Development Director
  - Half paid by the TIF Districts
  - To encourage development and obtain grants
- Solar Array at Transfer Station
  - Option has been exercised
  - They are moving forward



# Operating Budget

- Total Operating Budget of \$7,604,943
  - Increase of \$84,288 – 1.12%

- Major Drivers

• NH Retirement	\$ 49,673
• Election Administration	\$(11,462)
• COLA at 1.5%	\$ 39,559
• Health Insurance	\$ 30,953
• Police PT Wages	\$ 13,076
• Police Gasoline	\$ (5,040)
• Fire Dispatch	\$ 6,424



# Operating Budget

- Major Drivers continued

• DPW PT Wages	\$ 24,000
• HYW Paving/Shimming	\$ 17,700
• HWY Tree Services	\$ 5,000
• Trash Transport & Disposal	\$ 38,500
• Demolition Tipping Fees	\$ 6,000
• Transfer Station Equip. Rental	\$ 6,000
• Economic Dev. Director	\$ 16,450
• Debt Principal & Interest	\$ (251,952)
• Sewer Department	\$ 11,958

**Total – Major Drivers - \$ 46,512**



# The effect of the bond refinancing

The Town approved a \$1.8 million road bond in 2020

- \$45,000 in interest and no principle for this bond are in the 2021 proposed budget
- We are assuming a 1.5% interest rate but hoping for lower

The \$1.38 million remaining on the 2015 road bond is being refinanced

- \$106,982 in principal and \$40,660 in interest are in the 2021 proposed budget
- We are assuming a 1.5% interest rate but hoping for lower
- The refinance will save \$42,000 in interest over the remaining life of the bond

The \$2.061 million remaining on the 2014 fire station is being refinanced

- \$99,322 in principal and \$97,590 in interest are in the 2021 proposed budget
- We are assuming a 1.5% interest rate but hoping for lower
- The refinance will save \$191,00 in interest over the remaining life of the bond



<b>Year</b>	<b>New Bond NO Refinancing</b>	<b>New Bond &amp; Refinancing</b>	<b>Difference</b>
2021	563,670	325,064	(238,606)
2022	724,319	731,094	6,775
2023	721,619	696,696	(24,923)
2024	718,919	687,236	(31,683)
2025	716,220	677,777	(38,443)
2026	713,519	668,314	(45,205)
2027	461,540	404,431	(57,109)
2028	458,840	398,788	(60,052)
2029	457,821	393,145	(64,676)
2030	184,050	387,501	203,451
2031	181,350	298,821	117,471
<b>Total</b>	<b>5,901,867</b>	<b>5,668,867</b>	<b>(233,000)</b>

## Refinancing Comparison

# Capital Reserve/Maint. Trust Funds

- Total CRF/Maint. Funds of \$818,500
  - Increase of \$70,500 – 9.43%

- Major Drivers

• Recreation Facilities	\$ 30,000
• Fire Vehicle Replacement	\$ (62,500)
• Highway Vehicle Replacement	\$ 20,000
• Transfer Station Equipment	\$ 45,000
• Revaluation	\$ 22,000
• Library Building & Grounds	\$ (34,000)
• Town Facilities Maint. Trust	\$ 35,000

**Total – Major Drivers - \$ 55,500**



# Individual Warrant Article

- Total Individual Warrant Article of \$ 61,300
  - Increase of \$61,300.
- To see if the Town will vote to raise and appropriate the sum of \$61,300 for the purpose of purchasing and installing financial software.  
This sum to come from December 31 fund balance. No amount to be raised by taxation.





# Financial Software

- Current software is still supported, but not updated
- Provides substantially more ability to obtain detailed information efficiently
- Includes a reconciliation module
- Includes a budget module saving a substantial amount of time in budget preparation
- Integrated with NH DRA forms providing the correct information easily
- Includes full integration of ACH payments which is not part of current software
- Web-based providing for added assurance of continuation of service

## Use of Fund Balance

- Total use of Fund Balance \$ 371,300
  - Increase of \$21,300 – 6.09%
  - \$310,000 to offset operating budget
  - \$61,300 for financial software
- Fund Balance offsets the amount needed to be raised by taxes.
- So what exactly is the Unreserved Fund Balance?

## Unreserved Fund Balance

- Funds remaining in the budget after all obligations have been met that is not committed for other purposes and can be allocated in the upcoming budget or returned to reduce taxes.

## Unreserved Fund Balance

- NH Department of Revenue Administration (DRA) recommends an Unreserved Fund Balance retainage of a minimum of 5.0% of all taxes committed (town, school, county, precincts)
  - For cash flow
  - Emergencies

# Unreserved Fund Balance

- Unreserved Fund Balance Estimate 12/31/2020    \$2,011,044
- 5.0% Retainage Estimate    \$1,314,439
- Estimated Available for 2021    \$696,605
- **Proposed Use 2021**    **\$371,300**
  
- **Estimated minimum available 2022**    **\$325,305**



	<u>Exemption</u>	<u>Number</u>	<u>Amount</u>
<b><u>2019</u></b>			
	Elderly	74	5,410,600
	Solar	41	205,000
	Disabled Veteran	1	<u>384,100</u>
<b>TOTAL</b>			<b>5,999,700</b>
<b><u>2020</u></b>			
	Elderly	73	9,057,200
	Solar	49	245,000
	Disabled Veteran	2	<u>697,200</u>
<b>TOTAL</b>			<b>9,999,400</b>
<b>Increase in Exemption Amount 2020</b>			<b>3,999,700</b>
	<b>Tax Value of Change -</b>		<b>\$ 116,991.23</b>

# Effects of 2020 Exemption Changes

**2021 TAX RATE ESTIMATION  
SELECT BOARD NUMBERS**

	<u>2020 Approved</u>	<u>2021 Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
<b><u>REVENUE</u></b>				
<b><u>OPERATING REVENUE</u></b>				
Operating Revenue	3,207,951	3,138,550	(69,401)	-2.16%
Sewer Fund Revenue	171,843	193,958	22,115	12.87%
<b>Total</b>	<b>3,379,794</b>	<b>3,332,508</b>	<b>(47,286)</b>	<b>-1.40%</b>
<b><u>PASSTHROUGH REVENUE</u></b>				
Road Bond	1,800,000	-	(1,800,000)	-100.00%
From Special Revenue Funds	121,380	113,200	(8,180)	-6.74%
<b>Total</b>	<b>1,921,380</b>	<b>113,200</b>	<b>(1,808,180)</b>	<b>-94.11%</b>
<b>GRAND TOTAL</b>	<b>5,301,174</b>	<b>3,445,708</b>	<b>(1,855,466)</b>	<b>-35.00%</b>
<b><u>EXPENSES</u></b>				
<b><u>OPERATING BUDGET</u></b>				
Expenses	7,353,483	7,425,813	72,330	0.98%
Sewer Expenses	167,172	179,130	11,958	7.15%
<b>Total</b>	<b>7,520,656</b>	<b>7,604,943</b>	<b>84,288</b>	<b>1.12%</b>
<b><u>WARRANT ARTICLE (INDIVIDUAL)</u></b>				
To CRF	676,500	746,000	69,500	10.27%
To Trust Funds	71,500	72,500	1,000	1.40%
<b>Total</b>	<b>748,000</b>	<b>818,500</b>	<b>70,500</b>	<b>9.43%</b>
<b><u>WARRANT ARTICLES (INDIVIDUAL)</u></b>				
Road Bond	1,800,000	-		
Financial Software		61,300		
Pay-by-Bag Special Revenue	120,000	110,000	(10,000)	-8.33%
Senior Center Rental Spec. Rev	1,380	3,200	1,820	131.88%
<b>Total</b>	<b>1,921,380</b>	<b>174,500</b>	<b>(1,746,880)</b>	<b>-90.92%</b>
<b><u>OTHER RATE IMPACTS</u></b>				
Fund Balance use	(350,000)	(371,300)	(21,300)	0.00%
Overlay	137,458	180,000	42,542	30.95%
War Service Credits	207,900	207,900	-	0.00%
<b>Total</b>	<b>(4,642)</b>	<b>16,600</b>	<b>21,242</b>	<b>-457.60%</b>
<b><u>GRAND TOTALS</u></b>				
<b>GRAND TOTALS</b>	<b>4,884,220</b>	<b>5,168,835</b>	<b>284,616</b>	<b>5.83%</b>
<b>TAX IMPACT</b>	<b>6.25</b>	<b>6.55</b>	<b>0.30</b>	<b>4.78%</b>

**Valuation**

2020	780,889,991
2021	788,698,891



# Estimated Tax Rate Impact-2021

- Amount to be raised by taxes

<u>2020</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
\$4,884,220	\$5,168,835	\$ 284,616	5.83%

- Tax Rate (2021 is estimated)

<u>2020</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
\$6.25	\$6.55	\$ 0.30	4.78%





Questions?